

Message Text

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ACTION ARA-10

INFO OCT-01 NEA-09 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 /102 W

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R 031307Z APR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8128

INFO AMEMBASSY ALGIERS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY BEIRUT

C O N F I D E N T I A L CARACAS 3535

BEIRUT PASS BAGDAD

EO 11652: GDS

TAGS: ENRG EINV VE

SUBJ: OIL NATIONALIZATION BILL - STRATEGY FOR DIFFUSING

RADICAL CONGRESSIONAL OPPOSITION TO GOV VERSION OF DRAFT BILL

REF: A. CARACAS 2847 B. CARACAS 3227

1. A WELL PLACED SOURCE IN THE MINISTRY OF MINES AND HYDROCARBONS, IN A DISCUSSION ON APRIL 1 WITH PETROLEUM ATTACHE ON STATUS OF DRAFT BILL, GAVE FOLLOWING BIT OF STRATEGY BEING EMPLOYED BY GOV AND AD PARTY TO DIFFUSE STRIDENT PUBLIC OPPOSITION OF LEFTISTS PARTIES IN CONGRESS TO GOV DRAFT NATIONALIZATION BILL.

2. AD LEADER AND PRESIDENT OF CONGRESS GONZALO BARRIOS DESIGNATED
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A PARLIAMENTARY COMMISSION TO VIST SIX MIDDLE EAST COUNTRIES TO

STUDY THEIR FORM OF OIL NATIONALIZATION, AND WHAT ASPECTS OF THE VARIOUS SCHEMES MIGHT BE APPLIED TO THE VENEZUELAN MODEL. COUNTRIES TO BE VISITED ARE ALGERIA, LIBYA, KUWAIT, SAUDI ARABIA, IRAQ AND IRAN. THE VENEZUELAN DELEGATION WILL DEPART APRIL 4 AND THE TRIP WILL HAVE A DURATION OF 23 DAYS. THE DELEGATION WILL BE LED BY THE DIRECTOR GENERAL OF THE MINISTRY OF MINES AND HYDROCARBONS FERNANDO BAEZ DUARTE, WHO IS NUMBER TWO IN THE MINISTRY.

3. CONGRESSIONAL MEMBERS WHO WILL GO ON THE TRIP ARE ALL FROM THE MINES AND HYDROCARBONS SUBCOMMITTEE OF THE CHAMBER OF DEPUTIES WITH ONE EXCEPTION. THE DEPUTIES ARE MANUEL PENALVER, REPRESENTING THE GOVERNING AD PARTY AND ABDON VIVAS TERAN, FROM THE PRINCIPAL OPPOSITION COPEI PARTY. LEFTIST PARTY DEPUTIES INCLUDE OVIDIO GONZALEZ FROM MEP, FREDDY MUNOZ FROM MAS AND RAMON TENORIO SIFONTES FROM URD. ALSO TRAVELING AT HIS OWN EXPENSE IS THE MAS SENATOR ANDRES SOSA PIETRI.

4. DURING THE ABSENCE OF THE ABOVE GROUP, THE AD PARTY WILL ATTEMPT TO OBTAIN THE SUPPORT OF THE OPPOSITION COPEI PARTY FOR THE GOV VERSION OF THE BILL, OR IN THE ABSENCE OF COPEI SUPPORT, TO COMPLETE TO THE EXTENT POSSIBLE STUDY ON THE BILL IN THE CHAMBER OF DEPUTIES. THE EXPECTATION IS THAT, BY THE TIME THE LEFTIST DEPUTIES RETURN, THE VENEZUELAN BILL WILL BE AMENDED AS DESIRED BY THE GOV AND BECAUSE OF CONGRESSIONAL PROCEDURE, DIFFICULT FOR THE RADICAL PARTIES TO FURTHER AMEND.

5. WHILE THIS STRATEGY WOULD APPEAR BLATANTLY TRANSPARENT, THE FACT THAT THE GROUP IS GOING INDICATES IT MIGHT WORK. THE MINES AND HYDROCARBONS COMMISSION OF THE CHAMBER OF DEPUTIES BEGINS ITS STUDY OF THE DRAFT NATIONALIZATION BILL TODAY, APRIL2, ACCORDING TO AN ANNOUNCEMENT BY CELESTINO ARMAS OF THE AD PARTY. DR. ARMAS WILL PRESIDE OVER THE BEGINNING SESSIONS IN THE ABSENCE OF THE REGULAR COMMISSION CHAIRMAN, DR. ARTURO HERNANDEZ GRISANTI, WHO THE EMBASSY UNDERSTANDS HAS JUST UNDERGONE MINOR SURGERY.

6. FOR INFO POSTS - EMBASSY CARACAS WOULD APPRECIATE REPORTS ON THE VISIT OF THE VENEZUELAN PARLIAMENTARY GROUP TO THE RESPECTIVE COUNTRIES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NATIONALIZATION, LEGISLATIVE BILLS, TRADE VISITS, STUDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA03535
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750116-0303
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750486/aaaadatd.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 CARACAS 2847, 75 CARACAS 3227
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2003 by ShawDG>; APPROVED <04 SEP 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL NATIONALIZATION BILL - STRATEGY FOR DIFFUSING RADICAL CONGRESSIONAL OPPOSITION TO GOV VERSION OF DRAFT BILL
TAGS: ENRG, EINV, VE, XF, (BAEZ DUARTE, FERNANDO), (PENALVER, MANUEL), (VIVAS TERAN, ABDON), (MUNOZ, FREDDY), (GONZALEZ, OVIDIO), (TENORIO SIFONTES, RAMON)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006